

Message Text

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ACTION EUR-25

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RSC-01 AID-20 CIEP-02 SS-20 STR-08 TAR-02 TRSE-00

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GENEVA PASS AMBASSADOR MALMGREN

E.O. 11652: NA

TAGS: EEC ETRD GATT US

SUBJ: ARTICLE XXIV:6 NEGOTIATIONS -- GUNDELACH'S VIEWS

REF: EC BRUSSELS 6106

1. IN A MEETING WITH SENATOR KENNEDY OCTOBER 26, COMMISSIONER GUNDELACH DESCRIBED CURRENT SITUATION AND FUTURE SCENARIO RE ARTICLE XXIV:6 NEGOTIATION. (REFTEL REPORTS CURRENT INFO ON THIS SUBJECT FROM OTHER SOURCES.)

2. GUNDELACH TOLD US THAT THE DISCUSSIONS WITHIN THE COMMUNITY RE COMPENSATION UNDER ARTICLE XXIV:6 HAD NOT GONE AS WELL AS HE HAD HOPED AND HE WAS AFRAID THE RESULT WOULD NOT COME UP TO US EXPECTATIONS. ON OTHER HAND, HE POINTED OUT THAT PRESENT PROPOSAL SHOULD BE CONSIDERED IN LIGHT OF ORIGINAL COMMUNITY POSITION THAT THERE WAS NO COMPENSATION DUE TO ANYONE. GUNDELACH
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ADMITTED THAT THE PACKAGE TO BE CONSIDERED BY THE COUNCIL

ON NOVEMBER 5 HAD BEEN WATERED DOWN FROM THE ORIGINAL COMMISSION PROPOSAL, PARTICULARLY WITH RESPECT TO AGRICULTURE. DESPITE THIS, HE ANTICIPATED A MAJOR BATTLE IN THE COUNCIL.

3. WITH RESPECT TO THE OUTCOME IN THE COUNCIL, GUNDELACH SAID THERE WOULD BE SOME PRESSURE TO CHARACTERIZE THE OFFER AS "FINAL." HE WAS TAKING THE POSITION THAT THE COMMISSION SHOULD NOT REPEAT NOT GO ALONG WITH THIS FORMULATION ON THE GROUND THAT IN A NEGOTIATION THERE CAN BE NO SUCH THING AS A "FINAL" OFFER UNTIL BOTH PARTIES HAVE ACCEPTED IT. HE EXPECTED THE US WOULD FIND THE PROPOSAL INADEQUATE WHEN IT WAS FORMALLY PRESENTED AND WOULD PRESUMABLY REQUEST ADDITIONAL ITEMS. THE MATTER WOULD THEN HAVE TO GO BACK TO THE COUNCIL.

4. IN RESPONSE TO A QUESTION FROM AMBASSADOR GREENWALD, GUNDELACH SAID HE WAS STRONGLY RECOMMENDING AGAINST A COMMITMENT BY THE COMMISSION THAT THEY WOULD NOT COME BACK TO THE COUNCIL AFTER THE PROPOSAL HAD BEEN PRESENTED TO THE UNITED STATES AND OTHER COUNTRIES. HE FELT IT WAS THE COMMISSION'S RESPONSIBILITY TO BRING TO THE ATTENTION OF THE COUNCIL THE CONSEQUENCES OF REFUSING TO CONSIDER ANY COMMENTS AND COUNTER-SUGGESTIONS BY THE UNITED STATES. AS GUNDELACH SAW IT, THE US MIGHT NOT ONLY STATE WHAT ITEMS IT FELT HAD TO BE IMPROVED OR ADDED BUT ALSO INDICATE WHAT ACTION MIGHT HAVE TO BE TAKEN TO RESTORE THE BALANCE IF ADDITIONAL CONCESSIONS WERE NOT FORTHCOMING. THE COUNCIL WOULD HAVE TO WEIGH THE CONSEQUENCES. GUNDELACH EXPRESSED THE VIEW THAT THE ECONOMIC IMPACT OF THE WHOLE XXIV:6 NEGOTIATION WAS NOT PARTICULARLY GREAT, BUT HE RECOGNIZED THAT THE PSYCHOLOGICAL AND POLITICAL EFFECT ON THE GENERAL CLIMATE BETWEEN THE US AND EUROPE AND ON THE FORTHCOMING MTN WOULD BE MUCH GREATER.

5. SPEAKING OF THE US RESPONSE TO THE COMMUNITY OFFER, GUNDELACH SAID HE HOPED IT WOULD BE A "MEASURED REPLY." BY THIS HE MEANT THAT THE US SHOULD RECOGNIZE THE PROGRESS WHICH HAD BEEN MADE BY THE COMMUNITY IN THE PAST TEN MONTHS, EXPRESS APPRECIATION FOR THE OFFER, BUT POINT OUT THAT IT LIMITED OFFICIAL USE

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WAS NOT SUFFICIENT IF THAT PROVED TO BE THE CASE. HE HOPED THE US COULD NOT REJECT THE WHOLE PACKAGE OUT OF HAND AS ENTIRELY WORTHLESS.

6. GUNDELACH SAID HE HAD DISCUSSED THIS SCENARIO WITH SOAMES AND THAT SOAMES WOULD PRESUMABLY BE TAKING THE SAME LINE IN HIS TALKS IN WASHINGTON NEXT WEEK.

7. IN HIS SPEECH TODAY TO AMERICAN CLUBS IN BRUSSELS,
SENATOR KENNEDY INCLUDED A REFERENCE TO THE NEED FOR THE
COMMUNITY TO DECIDE ON COMPENSATION FOR ENLARGEMENT.
GREENWALD

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